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RHMCSUU/DEPT OF ENERGY WASHINGTON DC

C O N F I D E N T I A L LJUBLJANA 000049

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USTR FOR LESLIE YANG AND DAN MULLANEY

E.O. 12958: DECL: 01/30/2018
TAGS: [EAGR](#) [ECON](#) [ENRG](#) [ETRD](#) [EUN](#) [PREL](#) [SI](#)
SUBJECT: USTR MEETINGS EMPHASIZE U.S.-EU TRADE COOPERATION

Classified By: CDA Coleman for reasons 1.4 (b) and (d)

Summary

¶1. (SBU) During his January 22 meetings with senior Slovene officials in Ljubljana, Deputy USTR John Veroneau emphasized the importance of movement on the Transatlantic Economic Council (TEC) and the need to reduce trade barriers globally. Veroneau's speech at the Amcham meeting on globalization sparked questions from Slovenians about the role of migration in economic growth, disparity in wealth, progress on Doha and the effect of the possible recession in the U.S. Meetings with senior Slovene officials at the Ministry of Foreign Affairs and the Government Office of European Affairs focused on identifying deliverables for the U.S.-EU summit and finding economic common ground from which the U.S. and EU could move forward to set an example for the rest of the world. End Summary.

Moving the Ball Forward on TEC/Summit

¶2. (SBU) Deputy USTR John Veroneau met with the State Secretary at the Ministry of Foreign Affairs, Matjaz

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Sinkovec, and State Secretary for European Affairs, Janez Lenarcic, to discuss TEC, Doha and other U.S.- EU trade issues. Both Sinkovec and Lenarcic stressed Slovenia's commitment to transatlantic cooperation and identifying deliverables for the U.S.- EU summit, which is expected to take place in Ljubljana in June 2008. State Secretary Lenarcic started the meeting with Veroneau stressing the need for a date for the U.S.-EU summit. He also asked for a date for the next TEC meeting. He said we need to "score some progress" and move forward to deal with details if we want to keep political momentum going. Veroneau agreed with Lenarcic on the importance of identifiable successes at the next TEC meeting, and emphasized the importance of the U.S. and the EU working together to resolve regulatory differences.

TEC Remains A Priority

¶3. (SBU) Lenarcic stated that TEC could be important for the summit, stating that "the time is now to act to clinch some deals" because of the impending changes in the Lisbon Treaty. He suggested that this summit, under the Slovenian presidency is a unique opportunity to get movement on issues

before the likely coming into force of the Treaty of Lisbon on January 1, 2009, which expands the role of the European Parliament in EU decision-making and therefore could complicate matters and make it harder for the Commission to make deals. He outlined three areas from which summit topics might be extracted: global; regional; and economic. In discussing biotech, Lenarcic stressed that even with science-based policies, it will take some time to sway public opinion on sensitive issues such as biotech.

GOS Seeks Cooperation on Energy and Climate

¶4. (C) Lenarcic suggested that moving forward cooperatively toward fighting climate change could be a summit deliverable. Lenarcic assured Veroneau that Slovenia does not support a carbon import tax, but he expects the pressure for such a tax to grow. Lenarcic admitted that a common approach to climate change at this point is unlikely, but he would like to see the U.S. and EU positions come closer together. He suggested that this would show that the U.S. and EU are allies on the issue. This cooperation would relieve some of the pressure from businesses on both sides who are concerned that the climate change dialogue will hurt economic growth.

¶5. (C) Lenarcic and Veroneau agreed that technology will be a critical element of dealing with climate change. Lenarcic suggested that the U.S. and EU should focus on biofuel standards, one of the areas of cooperation under the TEC. Lenarcic posed the question of whether increases in food prices will change the equation for biofuels and agricultural subsidies. He noted that food prices are impacting people greatly and it is an issue that citizens are following keenly. He also wondered how the increases in food and oil prices will evolve and impact how we approach agriculture. In his opinion, agricultural subsidies will diminish, and the agriculture budget will change to food security, safety and rural development.

Biotech Will Not Be Resolved Easily

¶6. (C) Ambassador Veroneau noted that DG Agriculture appeared to be concerned about the negative effect of non-science-based EU biotech policies on food and feed prices. Lenarcic noted that EU policies differ in some respects from member states' policies. He said that the EU as a whole is not particularly against biotech products, but that some member states must be brought in line. The EU position, he believed, is not to keep products out of the marketplace but to allow consumers to choose. Lenarcic said biotech is a very difficult issue because people are reluctant to accept unfamiliar technologies. Veroneau pushed back and urged the EU to tackle this admittedly difficult issue, which was not going to go away.

MFA Focused on Summit Deliverables

¶7. (C) State Secretary Sinkovec assured Veroneau that Slovenia is "very transatlantic and supports free trade." He also said that Slovenia is looking forward to the next TEC meeting and the upcoming U.S.-EU summit. Director of the Americas at the MFA, Roman Kirn, hoped that the next task force meeting, to be held January 28 in DC, would result in dates for the TEC and the summit.

GOS Wants to Focus on the Positive

¶8. (C) Kirn commented that 97 percent of global trade flows without restrictions, but we seem to focus on the 3 percent. In the transatlantic economic dialogue, he suggested that we look at practical deliverables and show the general public and business community that progress is being made. He stated that "we must show that TEC is a credible forum for achieving mutual goals." Veroneau agreed that deliverables

would strengthen the credibility of the TEC process. He went on though to say that TEC must solve problems. It can be "more than poultry but not less than poultry," and along with big ideas there needs to be tangible results.

Cooperation in Regulations

¶9. (C) Kirn identified three areas for possible U.S.- EU cooperation in the TEC: mutual recognition of accounting standards or progress to facilitate trade in electrical products with respect to conformity assessment procedures; developing coordinated standards for new industries like biofuels; and defining a set of priorities such as in poultry, with a time table for solving the problems. Kirn stated that cooperation in any of these three areas would show that the U.S. and EU were getting closer.

Comment

¶10. (C) USTR Veroneau,s visit was a good opportunity for the U.S. to engage the Slovenians on economic issues that will be important during Slovenia,s EU presidency. The Slovenian officials focused on defining positive results for the summit, but appeared reluctant to deal with thorny issues like biotQh and Doha. The Slovenian ministries are well-versed in the issues that are likely to arise during the presidency, however, the GOS remains cautious about opening dialogue on contentious issues. End Comment.

¶11. (U) USTR Representative Dan Mullaney and Deputy USTR John Veroneau cleared on the cable.
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